

Division of Fleet Operations Summary of Proposed 2008 Rates

FY 2008 Surplus Services Rate

Handheld devices (PDAs and wireless phones only)

- Less than 1 year old: 50% of original cost, \$30.00 minimum;
- 1 year and older: \$30.00.

FY 2008 Fuel Dispensing Network Rate Proposal

Fuel Network Transaction Fee

- Per-transaction fee decrease to 3% (454,800)

The Division is requesting that the per-transaction fee be reduced from 4% to 3%.

FY 2008 Fleet Services Rate Proposal

Harley Davidson motorcycles

- Salvage value decrease to 69%: 34,200

The Division of Fleet Operations is requesting of change of salvage value for the Harley Davidson motorcycles from 85% to 69% because the data collected by our Operations group reflect this trend.

NET RATE CHANGE: (420,600)

Surplus Property

Overview

Purpose

The Utah State Agency for Surplus Property (USASP) disposes of State surplus personal property through transfer, auction, sealed bid, retail sales, cannibalization for parts and scrap. Additionally, USASP manages and operates the Federal Property donations program for eligible recipients. The Federal programs include the Defense Logistics Agency/Law Enforcement Support Office (1033/1122 program), and the Small Business Administration (SBA) Section 8(a) (small companies owned by socially and economically disadvantaged persons).

Accomplishments for FY 2006

- Upgrade PLUS system to fix system aberrations.
- Downsized warehouse sales (daily store) in favor of lot- and online-auctions.

Goals for FY 2007

- Implement new (off-the-shelf) surplus inventory system to replace PLUS.
- Implement DTS Policy and surplus process for computer memory devices to ensure total data erase prior to sale or recycle disposition.

Long-term Goal

- Employ bar-coding process subsequent to implementing surplus inventory system.

Fuel Dispensing Network

Overview

Purpose

To eliminate duplication and redundancy in the State of Utah's fueling needs. Also, through the Fuel Tank Mitigation Program, the fuel network strives to ensure that all Federal and State laws are followed according to storage tank guidelines.

Accomplishments for FY 2006

- Card reader and tank monitor upgrades.
- Increase marketing and customer service.
- New RFP for card provider.
- P-card reconciliation.
- Continue services to all political subdivisions on the network.
- Compliance with DEQ and EPA.
- Card reader installation at remote fuel sites without phone lines

Goals for FY 2007

- Beta test tank pulling remotely.
- Card reader upgrades.
- New design of fuel cards.
- Marketing to local political subdivisions.
- Automate tank inventory pulling.
- Work orders in Fleet Focus.
- Biomass fuels at State managed sites.

Fleet Services

Overview

Purpose

The Operations program within the Division of Fleet Operations manages vehicles statewide on a long-term and short-term basis. It is accessible to all state agencies needing vehicles to carry out their mission. Currently, the program manages over 4,400 vehicles. Other functions within the program are 1) state-wide vehicle procurement, 2) promulgate fleet policies and procedures, 3) establish statewide maintenance procedures, and 4) operate the fleet information system.

Accomplishments for FY 2006

- Modified the meter rejects program to be more efficient in the evaluation of inconsistent mileage. This cut unnecessary contact with fleet customers for mileage updates by more than 50%.
- The count of vehicles with a recall over 90 days old has averaged less than 1 vehicle for the last two months of the fiscal year.
- The overall utilization in the daily pools was raised to 75%.

Goals for FY 2007

- Complete the on-line replacement list for our customers and internal staff to use for the model year 2007 replacement list.
- Conduct a pilot program to evaluate the potential of privatizing the daily pools statewide.
- Reduce the number of vehicles out of PM compliance to stay consistently below 125 vehicles.

Fleet Services Rate Methodologies

This document describes generally the methodologies used by the division to calculate the various rates it charges its fleet customers. Please see the Fleet Services Rate Schedule or contact your fleet services representative about specific vehicle rates.

Vehicle Lease Rate

The vehicle lease rate is used to cover the cost of anticipated vehicle replacement costs. It is calculated by distributing the approved contract price of a Standard Class, less estimated salvage value, over the useful life of the vehicle. The formula is:

$$\text{Lease rate} = \frac{(\text{contract price} - \text{salv})}{\text{Rate Matrix life}}$$

Management Information System (MIS) Rate

The MIS rate is used to recover the cost of the fleet information tracking system. It is calculated by distributing the monthly cost of the system over the entire equipment population in the fleet tracking system. The formula is:

$$\text{MIS rate} = \frac{\text{Total MIS costs}}{\text{Total pieces of equipment}}$$

Alternate Fuel Vehicle (AFV) Rate

The AFV rate is used to recover the incremental cost of configuring fleet vehicles with alternate fuel equipment. It is calculated by distributing the estimated monthly incremental AFV cost over the entire population of light-duty vehicles (as defined in R27-1-2) in the fleet tracking system. The formula is:

$$\text{AFV rate} = \frac{\text{Total AFV cost}}{\text{Light-duty vehicles}}$$

Administrative Fee

The division uses an administrative fee to recover the cost of managing the State's vehicle fleet. It is calculated by distributing the Fleet Services indirect costs over the entire population of full-service leases in the fleet tracking system. The formula is:

$$\text{Admin rate} = \frac{\text{Total Fleet indirect}}{\text{Total full lease vehicles}}$$

Mileage (Variable) Rate

The mileage rate is used to recover the operating costs of the State's fleet. It is calculated by distributing the operating costs¹ for a standard class of vehicles over the total miles associated with that class. The formula is:

$$\text{Mileage rate} = \frac{\text{Maintenance} + \text{repair} + \text{fuel}}{\text{Total miles}}$$

Daily Pool Rental Rates

The daily pool rental rates are used to recover the average purchase prices of all vehicles within a Standard Class, less estimated salvage value, over the useful life of the vehicle. That cost is then distributed over the average monthly business days or hours. The formula is:

$$\text{Daily rate} = (\text{Monthly lease} * 5\%) + \text{OH} \div .75$$

$$\text{Half day rate} = \text{Daily rate} \div 2$$

Other Fleet Management Fees

Other management fees are charged to recover the cost of research, special services, or vehicle neglect or abuse. See the approved rate schedule for a complete list of management fees at

<http://fleet.utah.gov/organization/accountintro.htm>

¹ Operating costs includes maintenance such as lube, oil, filter, glass, tires, etc.; repairs such as engine, drive train, and non-warranted maintenance; and fuel.

Figure 1 - Vehicle Private Sector Rate Comparison

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Figure 2 - Vehicles Managed per FTE

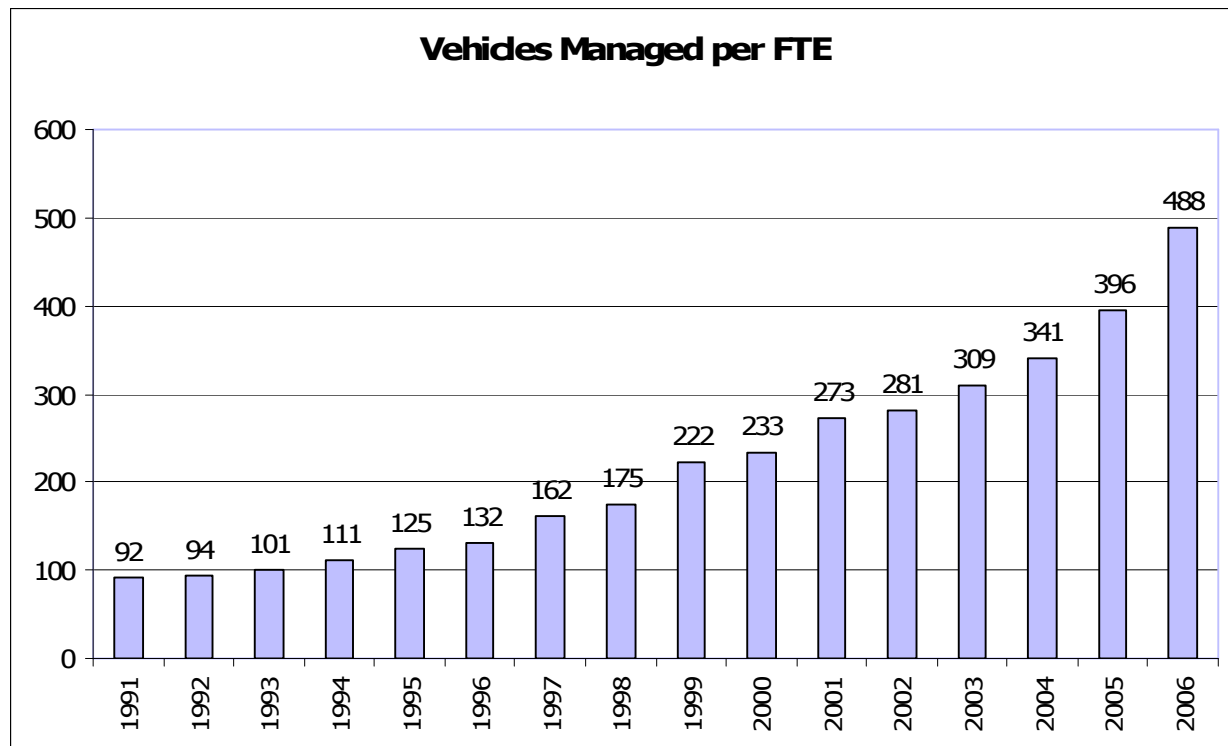


Figure 3 - Fuel Price Comparison
FY 2005 / 2006 State/Non-state Gas Prices

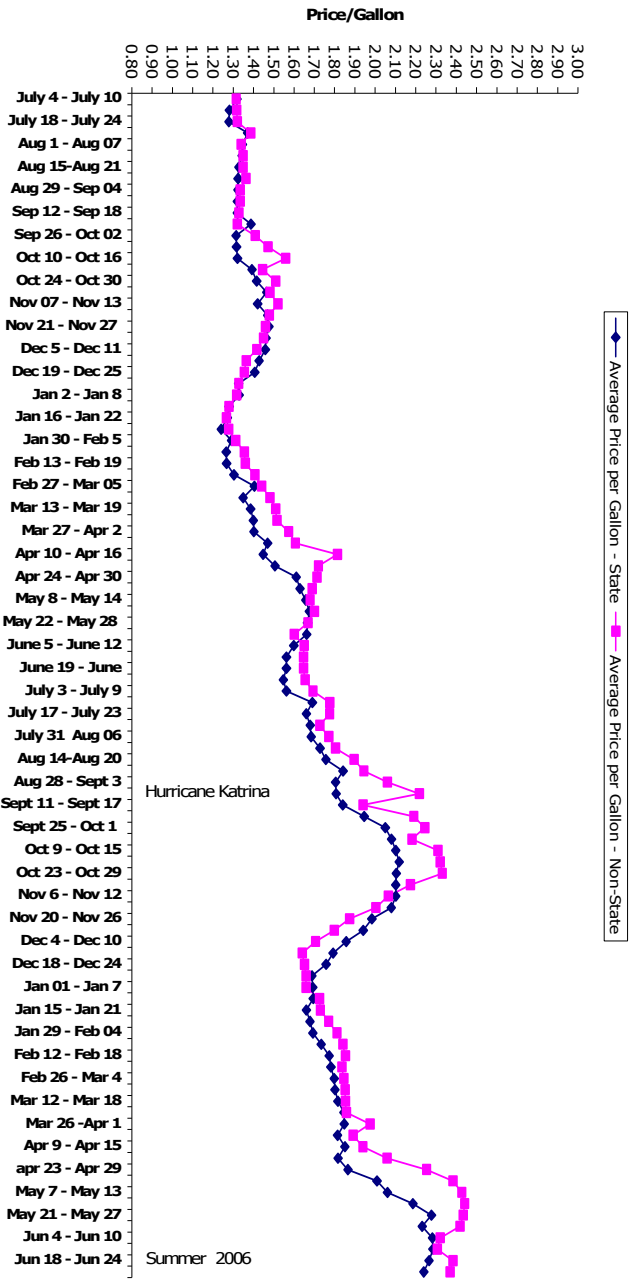


Figure 4 - Private Sector Fuel Comparison ²

Provider	Regular Gas	Midgrade Gas
Utah Fuel Network Price	\$2.193	\$2.221
Avg Rocky Mtn (as of Jun 30, 2006) ²	\$2.831	\$2.936
Avg National Price (as of Jun 30, 2006) ²	\$2.869	\$2.972

² National and regional pricing provided by the Energy Information Administration "Motor Gasoline Price Survey".
http://www.eia.doe.gov/oil_gas/fwd/wrqp.html

Figure 5 - Surplus Property Rate Comparison

State	How they charge
Alaska	We sell all State surplus and retain 100% irrespective of vehicles.
California	5% of acquisition value for everything except junk/no-value [sales] items, NTE \$100 fee
Colorado	Retains 100%, vehicles are sold on EBay
Delaware	All revenues to general fund. \$38 per hour-driver/truck, \$15 per hour for each additional helper. \$55 per hour to pick up scrap. No vehicles
Georgia	We charge 7.5% on vehicles with a \$150 min and \$900 max. Other general surplus we keep the first \$500 and then 20% above that.
Maine	Maine charges 12% for all auction items, which would include vehicles. We charge 10% for items that are put out for bid outside of the auction process. For any item that sells for \$50 or less in the warehouse, Surplus retains 100% of the sale price. We retain 12% for items sold for more than \$50 in the warehouse.
North Dakota	In North Dakota we keep all proceeds up to \$3000.00. From there it's a 20-80% split as we keep 20%. We don't dispose of the state fleet vehicles as DOT does that. On recommendation of the State Auditors Office we keep most of the proceeds. We do not receive higher education property or DOT property.
Ohio	Auction only, 100%
Texas	We keep 10 percent of vehicle and heavy equipment sales, and 100 percent of non-controlled, non-capitalized items. State agencies no longer get to keep the proceeds for the sale of surplus. For non-controlled/capitalized items, it was costing them as much in administrative time and paperwork as they were receiving. We adjust the fee we keep for cost recovery every year.